

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SS-15
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P R 140700Z AUG 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC PRIORITY 4040
INFO AMEMBASSY LONDON
AMCONSUL MELBOURNE
AMEMBASSY WELLINGTON

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EO 11652: NA
TAGS: EAIR, AS
SUBJECT: CIVAIR: PAN AM BUDGET FARE

REF: (A) STATE 203365 (NOTAL), (B) STATE 191474 (NOTAL),
(C) STATE 167737 (NOTAL)

1. GOA HAS NOT YET RESPONDED TO AIDE MEMOIRE SUBJECT
REFTEL B. IT WAS DELIVERED WHILE AUSTRALIAN GOVERNMENT WAS
IN MIDST OF WEEK-LONG NEGOTIATIONS WITH BRITISH. IT SEEMS
APPARENT FROM EMBOFF DISCUSSION LAST WEEK WITH FIRST ASSISTANT
SECRETARY JOHN ROWLAND THAT HE HAS BEEN TOO OVERWHELMED BY
WORK TO FOCUS ON IT, AND THOUGH HE HAS PROMISED TO FOLLOW UP,
EMBASSY SURMISES THAT IT WILL TAKE A BACK SEAT TO SORTING OUT
CONSEQUENCES OF BRITISH NEGOTIATIONS FOR AUGUST 28 U.S.
DISCUSSIONS. ROWLAND REPORTS, HOWEVER, THAT BASICALLY
FAVORABLE RESPONSE TO U.S. ICAO DEMARCHE REQUESTED BY REFTTEL C

2. EMBASSY PRIOR TO RECEIPT OF REFTTEL B HAD NOT BEEN
INFORMED EITHER BY PAN AM OR DEPARTMENT OF PAN AM FARE
APPLICATION AND ITS REJECTION. EMBASSY AGREES FULLY WITH
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DEPARTMENT'S CONCLUDING COMMENT IN REFTTEL AND BELIEVES THAT
BY HAVING MADE THIS APPROACH, REGARDLESS OF HOW AUSTRALIANS
RESPOND, WE WILL HAVE STOLEN MUCH OF AUSTRALIAN LOW-FARE
THUNDER.

3. NEGOTIATIONS WITH BRITISH, WHICH TOOK PLACE WEEK OF
JULY 31, APPEAR TO HAVE HAD A MIXED OUTCOME. ALTHOUGH PRESS

REPORTS SUGGEST NEAR-AGREEMENT ON FARE REDUCTIONS, ALBEIT ON SUPER-APEF LINES DESIRED BY BRITISH RATHER THAN BULK FARE PROPOSAL PUSHED BY AUSTRALIANS, ROWLAND SUGGESTED THAT MINISTER NIXON'S PRESS RELEASE WAS MORE RELIABLE INDICATOR OF STATE OF PROGRESS.

4. NIXON STATED THAT, "INTRODUCTION OF REDUCED INTERNATIONAL AIR FARES MOVED A STEP CLOSER" AFTER AUSTRALIA-U.K. TALKS, THAT HE WAS "ENCOURAGED THAT ACCEPTABLE SOLUTIONS HAD BEEN FOUND FOR A NUMBER OF PRACTICAL ISSUES, AND THAT, "ALTHOUGH NO FINAL DECISIONS HAD YET BEEN AGREED ON, I BELIEVE THAT THE POSITIVE DEVELOPMENTS TO DATE MEAN THAT I CAN NOW GO BACK TO CABINET ON THE MATTER."

5. CONTINUING, NIXON STATED, "I AM CONSCIOUS OF THE WIDE PUBLIC INTEREST IN THE INTRODUCTION OF LOWER AIR FARES. THE AUSTRALIAN GOVERNMENT WILL MEET THIS DEMAND AS QUICKLY AS POSSIBLE. BUT, AS I HAVE SAID SO OFTEN RECENTLY, THIS CANNOT BE DONE WITHOUT AGREEMENT OF OTHER COUNTRIES. SINCE REDUCED FARES CANNOT BE INTRODUCED WITHOUT NEGOTIATIONS WITH OTHER COUNTRIES, I WILL BE SEEKING CANINET ENDORSEMENT OF THE NEXT PHASE. I EXPECT THAT TALKS WITH OTHER COUNTRIES WILL COMMENCE SHORTLY THEREAFTER."

6. SINGAPORE HIGH COMMISSION REPORTS THAT ASEAN NATIONS MADE REPRESENTATIONS TO AUSTRALIAN GOVERNMENT WHEN THEY LIMITED OFFICIAL USE

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LEARNED THAT OTHER CARRIERS MIGHT BE EXCLUDED FROM LOW UK-AUSTRALIA FARES. AUSTRALIAN GOVERNMENT SUGGESTED AT THAT TIME THAT LOW FARES BE ESTABLISHED TO COUNTRIES INVOLVED, E.G. AUSTRALIA-SINGAPORE, BUT THIS PROPOSAL WAS NOT FULLY ACCEPTABLE BECAUSE ASIAN CARRIERS WOULD STILL HAVE BEEN EXCLUDED FROM LOW AUSTRALIA-UK FARE. SINGAPORE HIGH COMMISSION REPORTS (CONTRARY TO PRESS STATEMENTS) THAT AUSTRALIAN GOVERNMENT HAS INITIATED NO FURTHER DISCUSSIONS WITH THEM THOUGH OBVIOUSLY THEY WILL HAVE TO BEFORE AUSTRALIA-UK AGREEMENT CAN BE COMPLETED. AUGUST 13 PRESS REPORT SAYS THAT NIXON IS NOW PLANNING TO OFFER A COMPROMISE WHICH WOULD ALLOW OTHER CARRIERS TO CARRY LONDON-BOUND PASSENGERS FOR APRICE, E.G. A (150 STOPOVER FEE.

7. ROWLAND REPORTS THAT DELEGATION HEAD FOR U.S. TALKS HAS STILL NOT BEEN DECIDED UPON. THERE REMAINS A POSSIBILITY THAT SECRETARY HALTON WILL HEAD DELEGATION, THOUGH ROWLAND THINKS IT MORE LIKELY THAT HE WILL NOT.
ALSTON

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Disposition Approved on Date:
Disposition Case Number: n/a
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